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C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 001884

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STATE FOR EUR/ERA AND EAP/MLS  
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TAGS: [ECON](#) [ETTC](#) [EAID](#) [EFIN](#) [PREL](#) [PGOV](#) [BM](#) [EUN](#)  
SUBJECT: BURMA: SANCTIONS IDEAS WELL RECEIVED; WILL DECIDE  
BY APRIL

REF: A. A) STATE 125635  
[B. B\) BRUSSELS 1873](#)

Classified By: USEU Political M-C Chris Davis for reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: USEU Mission officers delivered points and non-paper on Burma sanctions (REF A) to Commission and Council interlocutors, as well as French, Czech, and UK External Relations (RELEX) experts. EUR PDAS Ries flagged the issue separately at the U.S.-EU Task Force meeting on December 8 (REF B). The U.S. ideas were well-received and well-timed, as RELEX has just begun preliminary discussions on options. The EU will consult the private sector through February and discuss final options in March for the Council's April renewal of the overall sanctions. The Commission took the opportunity to invite the USG to participate as a donor in a coming initiative called the "Livelihood Fund." End Summary.

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Commission Views  
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[1](#)2. (C) Seamus Gillespie, Head of Unit for South-East Asia at DG RELEX in the European Commission, said that he appreciated the report's recommendations. Although Member States are divided on the efficacy of sanctions, all agreed that the current sanctions regime was "a mess." Gillespie thought that Member States would be amenable to our suggested changes and said he would push for a sanctions package based on our recommendations to be ready for action by the April 2009 meeting of EU Foreign Ministers Council (GAERC). Gillespie believed that enhanced EU sanctions could be adopted in the course of the GAERC's renewal of the Common Position on Burma, which is set to expire on April 30. Stephane Chardon, Commission RELEX sanctions office, also appreciated the additional details on the U.S. sanctions program for comparison purposes. (Note: Chardon will be responsible for drafting the initial text for the Council's consideration in April. End Note.)

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Council Secretariat Insights on Next Steps  
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[1](#)3. (C) Leo Schulte Nordholt, Burma Desk Officer at the European Council General Secretariat, provided a similar response, although he noted that Council sanctions specialists questioned the utility of including narco-traffickers such as the Wa Army, as this could induce

the regime to become even more rigid in its policy. As the coordinator for most EU sanctions legislation, Francesco Fini, Council Secretariat Coordination Unit, was especially grateful to have received the paper and studied it in great detail. He drew from the material to successfully persuade the Council RELEX (sanctions) working group to refrain from jumping prematurely to drop Annex I before the end of the French Presidency. Instead, the question of what to do with Annex I will be considered, as the Commission hopes, among numerous options in the course of renewing the Common Position by April under the Czech Presidency. Fini pushed RELEX to adopt a parallel process of reviewing both technical changes to the sanctions regime and more policy / scope questions. The EU plans to consult the financial sector on how best to implement measures over the next two months, at which point he expects the additional identifiers may prove essential to improve the list's quality. RELEX will review the Burma sanctions options in detail in March and prepare a decision for the April GAERC rubberstamp.

14. (C) Fini considers that the U.S. proposal to freeze the assets of Regulation Annex VII would require more than a purely "technical fix." He personally favors this approach, but confirmed Gillespie's assessment that Member States are split. Some MS are adamant against increasing pressure on Burma; others want to reinforce measures; still others reject the effectiveness of sanctions altogether. Fini counters the naysayers by pointing out that things could be even worse if it weren't for sanctions, but agrees that whatever the U.S. and EU do, it would take regional action by ASEAN to maximize the outcome. He will work toward an April GAERC decision

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that is "more than technical, less than revolutionary."

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Influence and Aid  
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15. (C) Gillespie and his team are eager for new ideas on how to handle the Burmese regime, with one senior EU official telling us that the EU has "zero influence" on the regime at present. In coming weeks, the Commission plans to announce the "Livelihood Fund" for Burma with an EUR 25 million donation. The UK, Australia, Germany, and Sweden have all expressed interest in participating, and Gillespie said that the United States would be welcome to participate as well. Gillespie said that the fund will initially focus on the Delta region for 1-2 years, and then move on to other areas. He expects the fund to be administered by the EMO UN agency that already handles the Three Diseases Fund in Burma. He said the fund would engage in rehabilitation, microfinance, and other small projects, and seemed optimistic that it would provide a new entry point for dialogue with Burma.

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Comment  
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16. (C) USEU is working to coordinate a potential follow-up meeting for OFAC experts with key EU interlocutors through the Czech Presidency in Brussels in early February, before the March RELEX decision-making is fully cemented. Continuing to engage the Czechs, who noted the priority USG places on this issue through the December 8 Task Force meeting, will be critical to achieving a U.S.-preferred outcome. End Comment.

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